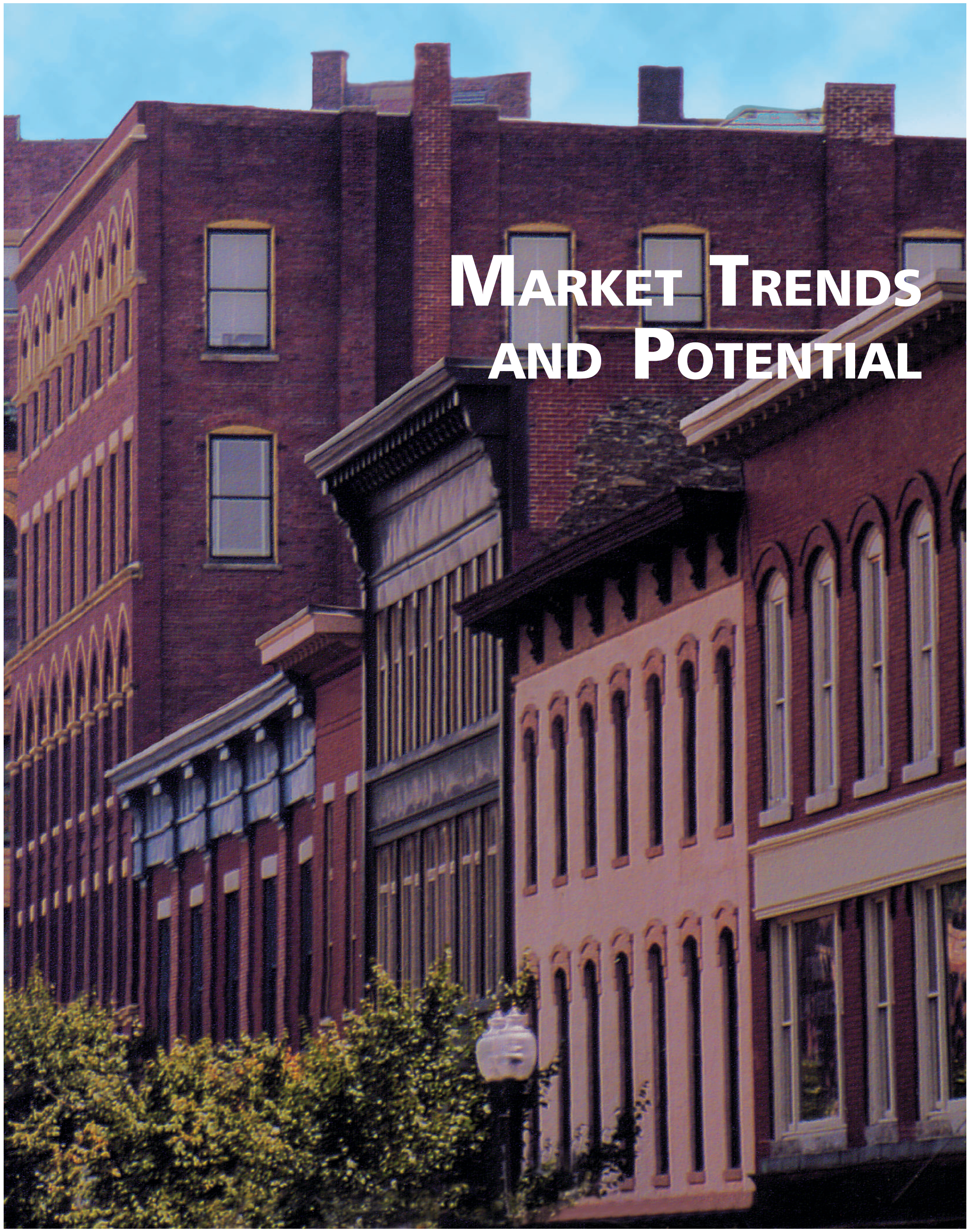
Market Trends and Potential



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Market Trends and Potential

In today's globalized economy, the pace of change continues to accelerate. The Master Plan Team examined a number of market sectors in an effort to anticipate the future potential of Downtown Lowell. Demographic trends were examined along with regional and national expectations of the housing, retail, office and tourism markets.

Downtown Lowell appears well positioned to enhance its business mix and attract new development. Demographic trends indicate that the potential exists to expand the retail base in Downtown Lowell. New housing opportunities for market rate housing and artists lofts appear very realistic. The prospects for meeting the regional demand for new office space within Downtown Lowell also appear likely if current trends continue. A prepared, coordinated approach to eliminate any barriers to development must be implemented.

A retail storefront along Merrimack Street

Photo: DPD

Table 4.1: Downtown Lowell and Area Demographics (1990 and 2000)

Year	----1990----								----2000----							
Geographic Area	Mass-achuestts		Modified Lowell PMSA		City of Lowell		Downtown Lowell (Tract 3101)		Mass-achuestts		Modified Lowell PMSA		City of Lowell		Downtown Lowell (Tract 3101)	
TOTAL POPULATION:	6,016,425	100%	273,067	100%	103,439	100%	3,340	100%	6,349,097	100%	301,686	100.0%	105,167	100%	3,881	100%
SEX:																
Male	2,888,745	48%	135,114	49%	50,391	49%	1,696	51%	3,058,816	48%	148,969	49.4%	51,807	49%	1,951	50%
Female	3,127,680	52%	137,953	51%	53,048	51%	1,644	49%	3,290,281	52%	152,717	50.6%	53,360	51%	1,930	50%
AGE:																
Under 5	412,473	7%	21,962	8%	8,930	9%	217	6%	397,268	6%	22,177	7.4%	7,696	7%	269	7%
5-24	1,242,730	21%	62,611	23%	24,221	23%	491	15%	1,682,124	26%	84,104	27.9%	33,209	32%	996	26%
25-44	2,426,788	40%	113,120	41%	42,301	41%	1,531	46%	1,989,783	31%	99,279	32.9%	34,162	32%	1,392	36%
45-64	1,115,150	19%	48,776	18%	15,477	15%	465	14%	1,419,760	22%	65,739	21.8%	18,787	18%	708	18%
65 and over	819,284	14%	26,598	10%	12,510	12%	636	19%	860,162	14%	30,387	10.1%	11,313	11%	516	13%
RACE AND HISPANIC ORIGIN:																
White	5,405,374	90%	248,937	91%	83,859	81%	2,161	65%	5,367,286	85%	259,096	85.9%	72,145	69%	2,406	62%
Black	300,130	5%	3,598	1%	2,474	2%	179	5%	343,454	5%	5,790	1.9%	4,423	4%	422	11%
American Indian,	12,241	0%	388	0%	177	0%	11	0%	15,015	0%	470	0.2%	256	0%	10	0%
Asian or Pacific Islander	143,392	2%	14,251	5%	11,493	11%	559	17%	240,613	4%	22,881	7.6%	17,409	17%	328	8%
Other race	155,288	3%	5,893	2%	5,436	5%	430	13%	236,724		7,527	2.5%	6,813	6%	529	14%
Hispanic origin (of any race)	287,549	5%	12,193	4%	10,499	10%	708	21%	428,729	7%	17,242	5.7%	14,734	14%	1,249	32%
TOTAL HOUSEHOLDS:	2,247,110		93,026		37,019		1,597		2,443,580		106,216		37,887		1,930	
Persons living in households	5,802,118		266,646		99,261		2,965		6,133,386		295,098		101,158		3,686	
Persons per household	2.58		2.87		2.68		1.86		2.51		2.78		2.67		1.91	
TOTAL HOUSING UNITS:	2,472,711	100%	98,274	100%	40,302	100%	1,898	100%	2,621,989	100%	109,106	100%	39,468	100%	2,025	100%
Owner occupied	1,331,493	54%	61,775	63%	15,508	38%	81	4%	1,508,052	58%	74,175	68%	16,309	41%	147	7%
Renter occupied	915,617	37%	31,251	32%	21,511	53%	1,516	80%	935,528	36%	32,041	29%	21,578	55%	1,783	88%
Vacant housing units	225,601	9%	5,248	5%	3,283	8%	301	16%	178,409	7%	2,890	3%	1,581	4%	95	5%
HOUSEHOLD INCOME:																
0 - 14,999	300,701	13%	-	-	10,319	28%	923	61%	-	-	-	13%	-	26%	-	-
14K - 24,999	299,804	13%	-	-	5,601	15%	190	13%	-	-	-	8%	-	13%	-	-
25K - 49,999	727,783	32%	-	-	12,498	34%	299	20%	-	-	-	20%	-	29%	-	-
50K - $74,999	441,645	20%	-	-	5,725	16%	64	4%	-	-	-	21%	-	18%	-	-
75K - 99,999	178,806	8%	-	-	1,904	5%	40	3%	-	-	-	16%	-	8%	-	-
100K and up	149,309	7%	-	-	883	2%	0	0%	-	-	-	22%	-	1%	-	-
															-	-
MEDIAN HOUSEHOLD INCOME:	$36,952		-		$29,351	-	-	-	-		$ 60,360		$ 34,335	-	-	
PER CAPITA INCOME	$17,224		-		$12,701	-	-	-	-		$ 26,253		$ 16,992	-	-	
															-	-
EDUCATIONAL ATTAINMENT:															-	-
did not complete high school	-	20%	-	-	-	34%	967	43%	-	-	-	21%	-	32%	-	-
high school graduate or higher	-	80%	-	-	-	66%	1273	57%	-	-	-	78%	-	67%	-	-
bachelor degree or higher	-	27%	-	-	-	16%	806	36%	-	-	-	23%	-	16%	-	-

[1]Includes the Towns of Chelmsford, Billerica, Tewksbury, Dracut, Tyngsborough, Westford, Dunstable, Pepperell, Groton, Pelham NH and the City of Lowell

Sources: US Census of Population and Housing (1990 and 2000)
2000 Household Income and Educational Attainment figures by Urban Decision Systems, 1999

Demographic Trends

National ational, state and regional demographic changes will play a large role in shaping the potential for growth of the Downtown Lowell economy. To this end, the Master Plan Team studied data avalable from the 1970, 1980, 1990 and when available, the 2000 U.S. Census of Population and Housing in order to acertain how the population of Downtown Lowell compares with Lowell, the region, and the Commonwealth of Massachusetts as a whole. When available, future projections of population change were evaluated.

Population Trends

As shown in **Table 4.2**, the population of the Downtown Lowell is growing faster than the City of Lowell, the Greater Lowell Area and Massachusetts. The rise in population can be linked directly to the creation of new housing units over the past thirty years. Renovated mills and other Downtown buildings previously used for industrial and commercial purposes were gradually converted into residential apartments. Growth is expected to continue with new housing project currently being planned. This bodes well for the Downtown Lowell economy, as the population increase can serve to bolster the retail economy. Growth of the regional population should serve to support an expanded office market, a portion of which Downtown Lowell could capture.

Age

The population of all four areas studies show strong trends in two categories - so called Baby Boomers and their children (persons between the ages of five and twenty-four and those between the ages of fourty-five and sixty-four.). In the next ten years, these children will likely find living quarters on thier own, leaving the parents alone. These trends may provide a unique opportunity for Downtown Lowell, to house both populations within converted mills and loft apartments. Both of these age groups have shown considerable interest in moving into urban places, which can provide both young professionals and "empty nesters" with an exciting, cuturally-rich environment. Thus, this trend also bodes well for areas with restaurants, museums and other amenities, like Downtown Lowell.

Race

Trends show that all of these geographic areas are becoming more diverse racially. Curiously, the trends in Downtown Lowell show decreasing population of residents of Asian ancestry, which contradicts the expanding Southeast Asian population in Lowell.

Education

Although unclear, trends indicate that the residents of Lowell and Downtown Lowell are less educated than their counterparts in the Greater Lowell Area and state-wide.

Table 4.2: Demographic Change over Time (% change: 1990 to 2000)

	MA	Lowell PMSA[1]	City of Lowell	Tract 3101
TOTAL POPULATION:	+5%	+9%	+2%	+14%
SEX:				
Male	+6%	+9%	+3%	+13%
Female	+5%	+10%	+1%	+15%
AGE:				
Under 5	-4%	+1%	-16%	+19%
5-24	+26%	+26%	+27%	+51%
25-44	-22%	-14%	-24%	-10%
45-64	+21%	+26%	+18%	+34%
65 and over	+5%	+12%	-11%	-23%
RACE AND HISPANIC ORIGIN:				
White	-1%	+4%	-16%	+10%
Black	+13%	+38%	+44%	+58%
American Indian	+18%	+17%	+31%	-10%
Asian or Pacific Islander	+40%	+38%	+34%	-70%
Other race	+34%	+22%	+20%	+19%
Hispanic origin	+33%	+29%	+29%	+43%
TOTAL HOUSEHOLDS:	+8%	+12%	+2%	+17%
Persons in households	+5%	+10%	+2%	+20%
Persons per household	-3%	-3%	0%	+3%
TOTAL HOUSING UNITS:	+6%	+10%	-2%	+6%
Owner occupied	+12%	+17%	+5%	+45%
Renter occupied	+2%	+2%	0%	+15%
Vacant housing units	-26%	-82%	-108%	-217%

Source: US Census of Population and Housing, 1990, 2000

[1]Includes the Towns of Chelmsford, Billerica, Tewksbury, Dracut, Tyngsborough, Westford, Dunstable, Pepperell, Groton, Pelham NH and the City of Lowell

Income

The income of Greater Lowell residents, on the whole, is significanly higher than that of their Lowell and Downtown Lowell counterparts. While the low local incomes make it difficult to sustain the retail economy of Downtown Lowell, high incomes in the region represent a great opportunity for retail. The challenge will be to attract more Greater Lowell residents to shop in Downtown Lowell.

Housing Stock

Over the past ten years, the makeup of the housing stock has begun to change in a dramatic fashion. The percentage of vacant housing units has decreased by over 200%. In addition, the percentage of owner-occupied housing units has exceeded state, regional and city trends. A forty-seven percent increase in the percentage of owner occupied units is a positive sign. More people are investing in Downtown Lowell, through housing and condo ownership. This should begin to translate into a growing, stable and active group of stakeholders for Downtown Lowell.

Office Market

Historically, the Downtown Lowell has been a home to commerce. Lawyers, doctors, accountants and other professionals located in Downtown Lowell as it remained the economic center of the Lowell and Greater Lowell economy. In the past twenty-five years, the supply of office space has increased, as industrial uses moved out of the mills and following renovation, were replaced by offices. Conversion was hastened by dramatic changes in the New England economy, as blue-collar manufacturing jobs were replaced by white collar service-related jobs.

Located within the I-495 North market, which includes the surrounding towns of Acton, Andover, Billerica, Boxborough, Chelmsford, Littleton, Tewksbury, Westford and Wilmington, Lowell has benefited in recent years from a strong office market in Boston and Cambridge and the high growth of numerous technology companies located in the area. While the office maket has been hurt in recent years, the Greater Lowell market has solid prospects in the long term.

With the exception of properties owned by Louis Saab, the demand for office space is evident by the number of Downtown buildings with low or no office vacancy rate. The two major office properties in Downtown–Wannalancit Mills and the Boott Cotton Mills--have been at these extraordinary levels of occupancy for months, and the Boott Cotton Mills is planning to capture the expanding office market through the renovation of additional vacant space.

Gateway Center

Photo: Higgins & Ross

Office Growth Potential

Demand for office space is driven by demographics and the economy. Population growth and a stronger economy underpin growth in the office market.

As shown in **Table 4.3**, Since 1992, 400 jobs in the finance, insurance, real estate (FIRE) sector have been created, and FIRE jobs compose over 4 percent of the total Lowell employment. In addition, 1,000 jobs in the government sector have been created since 1992, and these jobs compose 17 percent of the total employment in Lowell. If these trends continue for the next five years despite the recent economic downturn, 1,230 new jobs will be created within the FIRE and government sectors, and a demand for approximately 246,000 sq. ft.of office space will be created within Lowell.

Table 4.3: Lowell Employment by Office Sectors

Year	FIRE Jobs	% of Total	GOVERNMENT Jobs	% of Total	LOWELL JOBS
1992	1,092	3.1%	4,652	13.3%	34,928
1993	1,044	3.2%	4,587	13.9%	32,995
1994	1,176	3.6%	4,621	14.3%	32,385
1995	1,157	3.7%	4,712	14.9%	31,534
1996	1,223	4.0%	4,796	15.6%	30,801
1997	1,257	3.9%	5,313	16.6%	32,046

Massachuestts Department of Employment and Training

If Downtown Lowell can capture 10-15% of the office space that potentially can be created through growth in the FIRE and government sectors, then an additional 24,600 to 36,900 sq. ft.of office space will be absorbed annually in the long term..

Growth in the technology sector is more unpredictable. Based on an analysis by the Divi-

Upper floors for lease on Market Street

Photo: Guin Moyle- DPD

sion of Planning and Development, high-tech firms have occupied approximately 75,000 sq. ft.of Downtown office space within the past year. This recent surge may just be an aberration caused by the crunch for space in the Greater Boston real estate market. Therefore, it is difficult to accurately predict the level of demand that will be created due to the high-tech field.

The Downtown Core currently has 226,945 sq. ft.of vacant office space. In addition, Boott Cotton Mills is redeveloping 200,000 sq. ft.of space that will be available in June 2002 with an additional 200,000 sq. ft. planned to be on-line in 2003. Complete absorption of all of this space could occur by 2015.

Constraints to Office Growth

Based on recent history, Downtown Lowell appears well-positioned to fill a large portion of its vacant space with office tenants. However, this growth will be checked by a number of outstanding issues, in particular the existence of uncooperative landlords and inadequate telecommunications infrastructure. In addition, parking availability will become a larger issue as the office market expands.

A small number of Downtown landlords own a large amount of the vacant office space in the Downtown. “Uncooperative landlords” are loosely defined as Downtown property owners that maintain their properties but have a considerable amount of vacant retail/office space or rent out their properties to less than desirable uses. While a great deal of upper story office space may be vacant, the landlords that own these properties often are less than willing to invest, rehabilitate and actively market the space. If landlords continue to make renting existing space difficult, then growth will be constrained. If these issues persist, office tenants may seek space outside of Downtown Lowell.

The availability of adequate telecommunications bandwidth is now a critical space requirement for office users and technology based firms in particular, especially as these market sectors grow. Today, many businesses are looking for space in which that they can easily “turn on and plug in.” Access to high capacity fiber optic lines is quickly becoming a standard requirement for many. This need is projected to grow significantly in the future. Areas and buildings without telecom access are less attractive and may become unleasable in the future.

Some firms that are already located in the heart of the Downtown have indicated some difficulty in getting high-speed connections. Fortunately, DSL type high-speed access is available to businesses throughout Downtown Lowell. However, large portions of Downtown Lowell lack connections to higher-capacity, fiber optic lines.

Retail Market Potential

Lowell remains the geographic and government center for a small metropolitan area. Downtown Lowell, however, is no longer the regional shopping center it once was prior to the growthof suburban malls in the 1970s. Despite this fact, retail trade continues to be a major indicator of the health of the Downtown Lowell economy.

Competition

There are a number of shopping centers and destinations that compete for the retail customer in the Greater Lowell area. In order to stregnthen its retail base, the Downtown Lowell retail market must find a competitive niche that will allow it to draw customers away from various super regional, regional, community and neighborhood-based shopping centers in the Greater Lowell area.

Regional and super-regional shopping centers, as characterized by the Urban Land Institute, are located within large commercial areas and offer an extensive variety in general merchandise, apparel, furniture, and home furnishings, as well as a variety of services and recreational facilities. Oftentimes these areas contain a shopping mall with over 1,000,000 sq. ft. of retail space, in many cases augmented with a large number of “big box” retailers and retail strip development. Super-regional shopping centers that compete with Downtown Lowell for customers include the Burlington Mall in Burlington, MA, the Pheasant Lane Mall/Daniel Webster Highway area of Nashua, NH and Salem, NH,. including the Mall at Rockingham Park and the retail strip development along Route 28.

Community shopping centers are characterized by stores that carry a wide range of soft lines (wearing apparel for men, women and children) and hard lines (hardware and appliances). They are often anchored by large strip plazas with major chain food supermarkets or “Big Box” retailers. These areas serve a smaller market area than regional shopping destinations. Examples of community shopping centers that compete with Downtown Lowell for customers include Route 38 on the Lowell/Tewksbury line, the area encompassing Drum Hill and Route 110 on the Lowell/Chelmsford line.

Neighborhood-based shopping centers are characterized by a cluster of smaller, often times independently-owned stores. These areas often will provide a mix of convenience-type goods and services (dry cleaners, liquor stores, donut shops). Local examples affecting Downtown Lowell include Bridge Street within the Centralville neighborhood, Broadway and Fletcher Street within the Acre, Mammoth Road and University Ave. in Pawtucketville, Gorham Street in South Lowell and Couples Square in the Highlands neighborhood.

The annual outdoor Farmer’s Market in Downtown Lowell

Photo: Guin Moyle-DPD

The ederly residents of Downtown Lowell represent a considerable portion of Downtown's retail custormer base today

Photo: Guin Moyle- DPD

Table 4.4: Worker Population within the Downtown Plan Planning Area

Employment Sector	Number of Employees
Education	972
Government	1,254
Museum	157
Office	2,504
Restaurant	137
Retail	202
TOTAL DOWNTOWN WORKERS	5,223

Source: DPD Survey – 2000

Downtown Lowell Customers

The Master Plan Team identified five major groups of potential customers: Downtown residents, Downtown workers, students, tourists and Greater Lowell residents.

Residents of Downtown Lowell are composed by three distinct groups: retired elderly, low-income ethnic groups, and young professionals. Each of these groups has a different type of impact upon the Downtown market.

Although the elderly compose over 19% of the Downtown Lowell population, the number of elderly residents in Downtown Lowell seems to have leveled off in recent years due to the lack of new elderly housing. The elderly population tends to have limited mobility and depend on methods other than driving for transportation. Therefore, the elderly tend to be a "captive" population that is very likely to purchase goods and services in Downtown Lowell. Also, the elderly often have fixed income levels and a relatively small purchasing power. The elderly market tends to attract stores that sell basic necessities, such as health care services and pharmacies, and stores that sell low cost items of many kinds.

Ethnic minority groups compose another significant portion of the Downtown population. Many of these individuals have limited incomes and reside in the subsidized housing in Downtown Lowell. These groups tend to shop at stores that are directly targeted towards their lifestyles and culture. Although few of these stores exist in the Downtown Core, a significant cluster of these businesses exist on Merrimack Street across from City Hall.

The spending habits of young professionals residing in Downtown Lowell offer the greatest potential to increase revenue at Downtown retail stores. Although they have more purchasing power than other Downtown residents do, they are also more likely to be mobile than other residents and thus have the greatest choice of shopping areas to patronize. Despite this fact, these residents are likely to use basic services in Downtown Lowell (i.e. banking, restaurants, etc.). They could, however, be attracted to spend more money in Downtown Lowell if a better shopping experience were provided, with a greater variety of goods and services. This population is likely to grow, as more mills are converted into market-rate housing.

Downtown Workers are a significant source of retail sales. Due to its prominence as a government and educational center, Downtown Lowell is a major employment center. An analysis conducted by the Master Plan Team shown in **Table 4.4** revealed that over 5,200 daytime employees work in the Downtown Planning Area. These workers are an important market for restaurants, drug and convenience stores, personal services (i.e. health care and beauty/barber shops), and potentially clothing and gift shops. Downtown workers tend to purchase a majority of their goods during lunch time.

Students, from local colleges and high schools, are major presence in Downtown Lowell. Approximately 3,000 students attend classes at Lowell High School, and over 3,800 students attend day and evening classes at Middlesex Community College's City Campus. UMass Lowell's campuses, which are adjacent to Downtown Lowell, also draw an additional 13,000 students close to Downtown Lowell. Although a few stores do cater to this population, considerable opportunities are being missed. Students tend to spend every dime of their disposable income on goods and services such as music media, books, magazines, clothing and food. Better marketing efforts, geared specifically toward students, is suggested.

Tourists make up the fastest growing group of Downtown Lowell customers. The large number of attractions in Downtown Lowell, including the Lowell National Historic Park, Tsongas Arena, LeLacheur Stadium, Lowell Memorial Auditorium and other attractive smaller museums, attract a large number of tourists to Downtown Lowell. In addition, the Doubletree Hotel and its convention space provide a key hospitality resource to those seeking to visit Downtown Lowell.

Greater Lowell Residents, with strong levels of purchasing power, represent the greatest potential for the Downtown Lowell retail market. However, this group is also the hardest to reach, since they have the greatest level of choices for shopping. Residents of suburban communities surrounding Lowell (approximately 250,000 residents within 7 miles) tend to be of higher income and to have the time and the means to travel to whatever establishments offer the goods and services they want at the prices they are willing to pay. This segment can be attracted if Downtown Lowell can be marketed as a viable alternative to regional and local shopping destinations. To do this, Downtown Lowell must be as convenient as other shopping centers and more interesting, with unique shops and services. Leveraging the entertainment options currently available in Downtown Lowell can provide a truly unique shopping experience. Expanding the mix of retailers in Downtown Lowell to include stores that sell ethnic goods, such as art from Cambodia, would truly make Lowell a unique shopping destination.

Retail Market Potential

The Master Plan Team used the 1997 US Economic Census and other resources to evaluate what potential there exists to expand the retail base in Downtown Lowell. Consumer demand within the market served by Downtown Lowell was identified as well as the potenial for capitalizing on this demand. For this purpose, two market areas were investigated that correspond to the likely area of influence for Downtown Lowell shops. The

Visitors touring the Lowell National HIstorical Park

Photo: Sandra Swaile- DPD

boundary of the City of Lowell was identified as the Primary Trade Area and the Modified Lowell Primary Metropolitan Statistical Area[1] was identified as the Secondary Trade Area.

According to the 1997 U.S. Economic Census, over $58 billion of retail goods were sold within Massachusetts, $1.6 billion within the Greater Lowell area and $290 million within the City of Lowell. The Master Plan Team estimated that the merchants of Downtown Lowell capture approximately $45.6 million of this total. Thus, the Downtown Core is capturing approximately 2.8% of Greater Lowell retail sales, and approximately 15% of Lowell retail sales. The remainder of this demand is being captured by other businesses located outside of the Downtown Core and within the Greater Lowell area.

By comparing retail sales per household, the strengths and weaknesses of various market segments can measured across trade areas. As is shown in **Table 4.5**, the Primary Trade Area (Lowell) and the Secondary Trade Area have no market segment whereby sales per household is greater than comparable figures for Massachusetts. This may reflect the influence of super-regional shopping destinations outside of the two trade areas, and across the border in New Hampshire, to where retail sales may be leaking. This also signals an opportunity to capture local demand.

Sales leakage is a situation where residents purchase goods from stores located outside of their trade area, instead of purchasing them locally. The amount of sales leakeage can be

Table 4.5: Retail Sales per Household

		Statewide (Massachusetts)		Secondary Trade Area (Modified Lowell PMSA)		Primary Trade Area (City of Lowell)	
3 digit NAICS	Description	Sales ($000s)	Sales / Household($)	Sales ($000s)	Sales / Household($)	Sales ($000s)	Sales / ousehold($)
442	Furniture / Home Furnishings	1,857,033	760	35,601	335	23,752	627
443	Electronics / Appliance Stores	1,573,686	644	27,429	258	3,397	90
444	Building Material/ Garden Supplies	5,052,820	2,068	196,369	1,849	6,065	160
445	Food / Beverage Stores	11,294,285	4,622	417,653	3,932	111,301	2,938
446	Health / Personal Care	3,519,528	1,440	149,883	1,411	44,394	1,172
448	Clothing / Accessories Stores	4,309,201	1,763	68,770	647	6,010	159
451	Sporting Goods / Hobby / Books / Music	1,903,508	779	31,978	301	D	NA
452	General Merchandise	5,897,758	2,414	108,600	1,022	D	NA
453	Misc Retail	1,854,115	759	30,970	292	D	NA
Total Sales All Retail Trade Sectors		**58,578,048**	**23,972**	**1,605,231**	**15,113**	**219,782**	**5,801**
722	Foodservices & Drinking Places	7,281,756	2,980	235,408	2,216	65,621	1,732

Source: US Ecomonic Census, 1997

D: Data not reported in order to protect the relatively few retailers in that market segment.

NA: Figures not Avaliable

identified by retail sales within competing trade areas with estimates of the local demand for retail products. In **Table 4.6**, estimates of household expenditures in six different product categories were compared with actual sales within the trade area.

According to the data, Lowell residents appear to shop outside of Lowell when purchasing food, furniture and equiptment, clothes. Lowell residents appear to be patronizing more restaraunts outside of Lowell, as well. This data can be explained by the location of strong, competing shopping centers, many of which are located past the Lowell municipal border or out of state. Conversely, residents outside of Lowell appear to be purchasing more personal care products in Lowell, which demonstrates a local stregnth.

The Greater Lowell region, as a whole, appears to be having trouble capturing locally the restaurant, household furnishings and book markets. Relative stregnths are evident in at-home food sales (groceries) and personal care products.

If Downtown Lowell were able to capture a small share of the sales leakage both city-wide and region-wide, an expansion of the retail base within Downtown Lowell is possible. Downtown Lowell could add more than 107,000 sq. ft. of retail and restaurant space if only fifteen percent of the city-wide sales leakage is recaptured. By capturing a mere three percent of the leakage within the Greater Lowell Area, 46,000 sq. ft. of space could be supported in Downtown Lowell. This data reveals that if suitable spaces were available, Downtown Lowell could support a doubling of its retail and restaurant base.

The retail base in Downtown Lowell could also expand as the population of Lowell and the Greater Lowell area increases. According to Massachusetts Institite for Social and Economic Research, the population of Lowell is expected to add 2,951 households to the City of Lowell and 8,631 households to the Greater Lowell area (**Table 4.7**). Retail sales generated as a result of this steady population growth could result in the expansion of the Downtown Lowell retail base. If Downtown Lowell captures a small portion of the gains expected in Lowell and Greater Lowell, an additional 13,000 to 76,000 sq. ft. of retail space can be justified (**Table 4.8**).

Clearly, strategies to improve the quality of the retail experience can result in an expansion of the retail base in Downtown Lowell. If high quality establishments are opened, which provide unique products to consumers, the overall quality of the retail base in Downtown Lowell will be enhanced. Additionally, this potential retal expansion could displace much of the office and institutional uses currently occupying first floor spaces. This could facilitate an even stronger and livilier retail exerience. This could, in turn, stimulate greater sales in Downtown Lowell.

Pandora Felix, a specialty retail store opened on Merrimack Street in June of 2001

Photo: Guin Moyle- DPD

Table 4.6: Retail Sales Potential through Leakage Capture

Primary Trade Area - City of Lowell

	Sales ($000)s	Typical Household Expenditures	Retail Demand ($000s)	Surplus/ Leakage ($000)	Percentage Leakage Captured	Pot. Sales Captured ($000s)	Estimated Sales / Sq. Ft.	New Supportable Retail Space (sq. ft.)
Food at Home	111,301	3,084	116,844	-5,543	15%	831	303.49	2,739
Food away from Home	65,621	2,396	90,777	-25,156	15%	3,773	256.34	14,720
Household Furnishings/Equipt.	12,816	1,496	56,679	-43,863	15%	6,579	169.06	38,918
Apparel and Services	6,010	1,817	68,841	-62,831	15%	9,425	185.18	50,894
Personal Care Products	44,394	404	15,306	29,088	-	-	319.42	-
Reading	8,225	195	7,388	837	-	-	209.57	-
Total								***107,272***

Secondary Trade Area - Modified Lowell PMSA

	Sales ($000)s	Typical Household Expenditures	Retail Demand ($000s)	Surplus/ Leakage ($000)	Percentage Leakage Captured	Sales Captured ($000s)	Estimated Sales / Sq. Ft.	New Supportable Retail Space (sq. ft.)
- Food at Home	417,653	3,084	327,570	90,083	-	-	-	-
- Food away from Home	235,408	2,396	254,494	-19,086	3%	573	256.34	2,234
Household Furnishings/Equipt.	35,601	1,496	158,899	-123,298	3%	3,699	169.06	21,879
Apparel and Services	66,770	1,817	192,994	-126,224	3%	3,787	185.18	20,449
Personal Care Products	149,883	404	42,911	106,972	-	-	-	-
Reading	10,410	195	20,712	-10,302	3%	309	209.57	1,475
Total Greater Lowell Sales Potentially Captured by Downtown Lowell								***46,037***

Note: Modified Lowell PMSA includes Peperell, Groton, Dunstablle, Tyngsborough, Westford, Lowell, Chelmsford, Billerica, Tewksbury, Dracut and Pelham, NH
Sources: Typical Household Expenditures: Department of Labor Consumer Expenditure Survey, 1999
US Census of Retail Trade, 1997
Average Sales per Square Foot: 2001 Dollars and Cents of Shopping Centers, Urban Land Institute

Table 4.7: Lowell and Greater Lowell Population Projections

Trade Area	Total Pop. 2000	Pop. 2005	New Persons	Ave. House-Hold Size	Est. New Households
Primary Trade Area (City of Lowell)	105,167	113,046	7,879	2.67	2,951
Secondary Trade Area (Mod. Lowell PMSA)	301,686	325,679	23,993	2.78	8,631

Source: US Census of Population, 2000; MISER

Table 4.8: Retail Sales Potential Due to Population Change

Primary Trade Area - City of Lowell

Retail Category	Typical Expenditures per Household	Estimated New Retail Demand	Average Sales per Sq. Ft.	Estimated New Retail Space (Sq. Ft.)	Capture 10% of Future Demand	Capture 50% of Future Demand
Food at home	3,084	9,100,688	303.49	29,987	2,999	14,993
Food away from Home	2,396	7,070,443	256.34	27,582	2,758	13,791
Alcoholic beverages	367	1,082,994	279.90	3,869	387	1,935
Household Supplies	502	1,481,370	195.03	7,596	760	3,798
Household Furnishings & Equipt	1,496	4,414,601	169.06	26,113	2,611	13,056
Apparel and services	1,817	5,361,851	185.18	28,955	2,895	14,477
Personal Care Products and serv.	404	1,192,178	319.42	3,732	373	1,866
Reading	195	575,433	209.57	2,746	275	1,373
Totals	**10,261**	**30,279,558**	**-**	**130,579**	**13,058**	**65,290**

Secondary Trade Area - City of Lowell

Retail Category	Typical Expenditures per Household	Estimated New Retail Demand	Average Sales per Sq. Ft.	Estimated New Retail Space (Sq. Ft.)	Capture 4% of Future Demand	Capture 20% of Future Demand
Food at home	3,084	26,616,695	303.49	87,702	3,508	17,540
Food away from Home	2,396	20,678,859	256.34	80,670	3,227	16,134
Alcoholic beverages	367	3,167,421	279.90	11,316	453	2,263
Household Supplies	502	4,332,549	195.03	22,215	889	4,443
Household Furnishings & Equipt	1,496	12,911,341	169.06	76,371	3,055	15,274
Apparel and services	1,817	15,681,756	185.18	84,684	3,387	16,937
Personal Care Products and serv.	404	3,486,753	319.42	10,916	437	2,183
Reading	195	1,682,962	209.57	8,031	321	1,606
Totals	**10,261**	**88,558,336**	**-**	**381,904**	**15,276**	**76,381**

Note: Modified Lowell PMSA includes Peperell, Groton, Dunstablle, Tyngsborough, Westford, Lowell, Chelmsford, Billerica, Tewksbury, Dracut and Pelham, NH
Sources: Typical Household Expenditures: Department of Labor Consumer Expenditure Survey, 1999
Average Sales per Square Foot: 2001 Dollars and Cents of Shopping Centers, Urban Land Institute

View from the storefront of the Patrick Pierce Art Gallery on Market Street

Photo: Wai Man Wong- DPD

Swimming pool at Massachusetts Mills: one of many amenities of this residential complex

Photo: Sandra Swaile- DPD

Housing Market Potential

Housing has become an increasingly important component of successful and vibrant downtown and "Main Street" locations nationwide. A sizable housing base can provide a downtown with a stable population of people capable of increasing the level of activity within the downtown. In addition, a diverse population of residents can increase activity at precisely the times when downtown locations traditionally lack activity, during nighttimes and on the weekends. A strong base of downtown housing can foster a community of concerned and active downtown stakeholders that can become strong advocates of further downtown revitalization efforts. Residents can also provide a stable market for the retail economy. A number of participants in this planning process shared the belief that Downtown Lowell can and should support the development of additional housing units.

Many have also advocated the development of housing opportunities for artists within Downtown Lowell. Many believe that artists can make additional contributions to Downtown Lowell, including the diversification and expansion of Lowell's burgeoning cultural and art programming. An artisan district can be a tool for attracting additional tourists, visitors and shoppers to Downtown Lowell.

Housing Demand

A number of market indicators do suggest that the construction of new housing units is a strong possibility for Downtown Lowell. These indicators include national and regional housing preferences, the strong demand for housing city-wide, the success of the Ayer Lofts project and the continued relocation of artists to Lowell.

National and regional trends indicate that the "Baby-boomer" population is aging. Many of these people are now over fifty years old, and are looking for new housing options now that their children have grown up. These "empty nesters" are seeking housing options that are convenient, low-maintenance and located in interesting settings. Loft living in urban areas such as Downtown Lowell is becoming an attractive option for this group of people.

Demand for housing throughout the city of Lowell is strong. Strong growth management initiatives in communities thoughout Eastern Massachusetts has constrained the supply of new home construction, which has let to spiking home prices region wide. Single-family home and condominium sales prices are nearing 10-year highs due in large part to these factors affecting the regional housing market. Continuted revitalization efforts in Lowell have changed the cities image, which has led many people to consider Lowell as a home. In Downtown Lowell, selling prices for some condominums has approached $150 per sq. ft. while the monthly rent for a two-bedroom apartment in Massachusetts Mills ranges from $1,300 to $1,600.

In particular, the Ayer Lofts project demonstrated that there is significant demand for loft-condos in Downtown Lowell. In the summer of 2000, Ayer Lofts opened adding 51 condominium units to the Downtown housing market. These units were successfully marketed to professionals seeking open-concept, loft-type live/work units in an urban environment.. All of the units were sold prior to the completion of construction. Units were sold for an average of $100 per square foot ($79,000 to $159,000 per unit). This project represents the first major housing development in Downtown Lowell in approximately ten years.

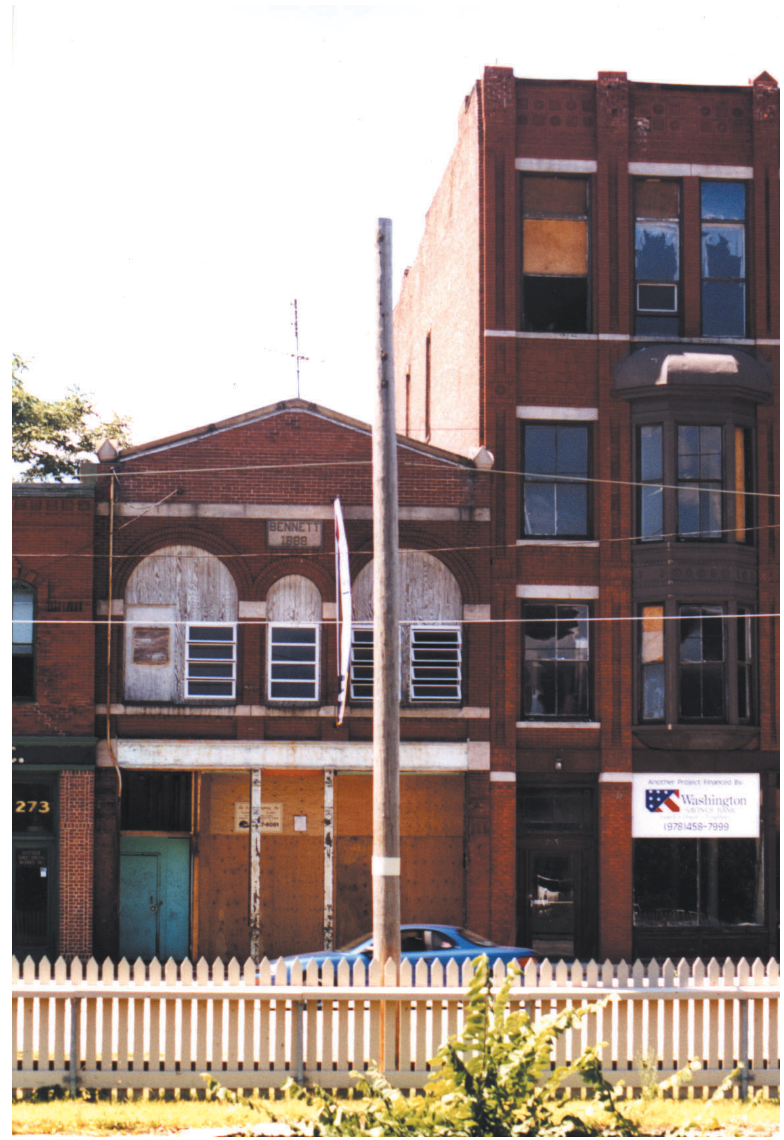
Artists, seeking a less expensive alternative to Boston, are moving to Lowell. The Division of Planning and Development receives three to five inquiries a week from artists seeking space in Downtown Lowell. Due to its ample cultural institutions and interesting, available space, a number of artists have moved to Downtown Lowell in recent years. As the real estate market in places such as Boston, Cambridge and Somerville continueto increase in price, convenient urban environments such as Downtown Lowell will continue to be a viable alternative.

New Housing Opportunities

Developers are optimistic ,constructing new, loft-style housing in Downtown Lowell. Following the success of the Ayer Lofts, developers of a number of projects are poised to create over 160 additional market rate units in and around Downtown Lowell. Sites under development include:

- Six units of artist lofts under construction at 295 Dutton Street (Richardson Block);
- One artist loft is under construction at 26 Market Street;
- Four artist loft units under construction at 269 Dutton Street;
- The City of Lowell has selected a developer to renovate twelve artist lofts on the upper floors of the historic D.L. Page Building at 16 Merrimack Street;
- The developer of the Ayer Lofts has been selected by the Commonwealth of Massachusetts to develop a portion of the Lawrence Manufacturing Mills into approximately 160 units of market-rate condominiums.

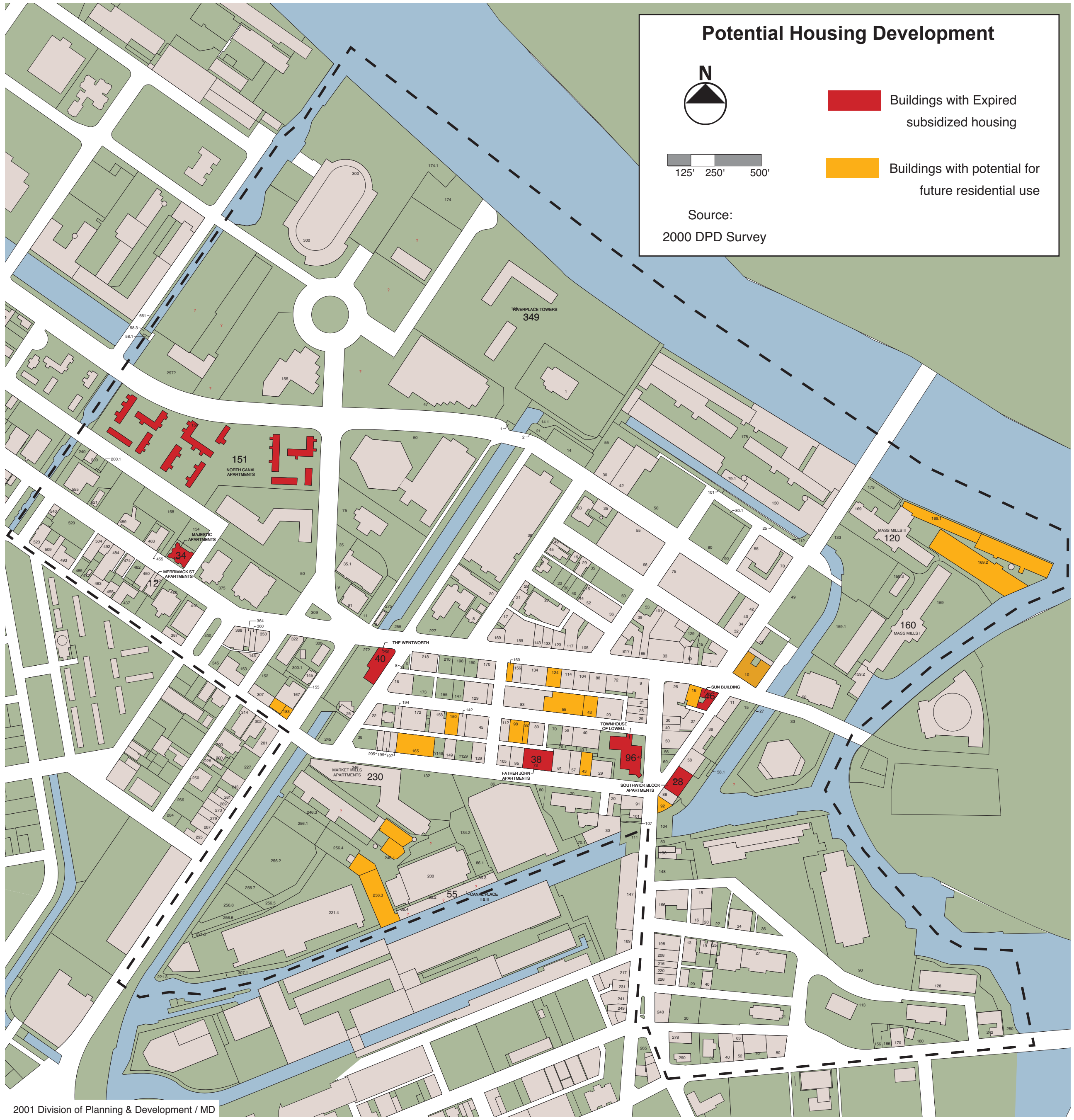
A number of other sites are strong candidates for additional housing development. Vacant former textiles mills and Downtown Lowell buildings are available and suitable for conversion into housing. In particular, the third phase of Massachusetts Mills could accommodate another 100 units. Canal Place III has languished for years, but could be redeveloped into another 75 units of very attractive housing. If long-standing, systemic



Proposed Artist Housing on Dutton Street

Photo: Guin Moyle- DPD

Figure 4.1: Potential Housing Development Sites



issues can be addressed, such as lack of parking, it is clear that Downtown Lowell will not run out of potential locations for new housing in the next decade. The final phase of the Boott Cotton Mills development could be converted into 100 to 150 units, which could help to reduce the project's overall demand for parking spaces.

Downtown Housing Issues

While it is unlikely that the current housing boom will continue at the pace seen recently, the long term prospects for new housing in Downtown Lowell are encouraging. However, a number of issues need to be addressed and prepared for, including the possible conversion of hundreds of subsidized housing units in Downtown Lowell and the high cost of historic building rehabilitation.

Thousands of subsidized units across the country are at risk as "expiring use mortgages" are prepaid. Housing programs in the 1970s provided attractive loans and incentives for developers who agreed to build and maintain affordable housing options. The terms of these mortgages allow building owners to prepay these mortgages after a period of 20 years. Once the mortgage is paid off, the owner is no longer required to maintain the units as affordable.

A number of housing projects in Downtown Lowell have mortgages that are at risk of expiring (**Figure 4.1**). Clearly, if a number of these units are converted to market-level rents, there exists the possibility that a dramatic change in the Downtown Lowell population could occur. In particular, a number of elderly housing units could be lost. While some argue that these units might be occupied by new residents with higher incomes, a significant source of patronage for Downtown Lowell retail businesses would be in doubt.

The high cost of renovating historic buildings in many cases makes the project cost prohibitive utilizing conventional financing.. Despite the current strong housing market, some properties are still economically infeasible to convert to housing. As a result, developers must rely on deep subsidies (low income housing tax credits, etc.) to make the project feasible. Recently, the renovation of the Sirf Building was made possible with the use of a number of low-income housing subsidies, despite considerable community opposition to the density first proposed.

Many recognize that current building standards add significant costs to construction. Other states have recognized this problem and developed building codes that are more sensitive to old and historic properties without compromising the quality of construction. As a result, renovation costs are lower and more projects are initiated and completed. Lowell, a national model for historic preservation, should be a leader in any effort to adopt these standards in Massachusetts.

Market Mills: a mixed-use project which includes subsidized elderly housing units

Photo: Higgins & Ross

The award winnig River Place Towers, recently renovated by Princeton Properties

Photo: Higgins & Ross

Middlesex Community College- Lowell Campus as viewed from the Pawtucket Canal

Photo: Higgins & Ross

Institutional Growth Potential

Downtown Lowell has seen a dramatic increase in the amount of space occupied by institutions. Over the past four decades, institutional uses such as museums, schools and non-profit institutions and publicly-owned entertainment venues have replaced large department stores as the major activity anchors in Downtown Lowell. These uses have helped to stabilize the Downtown Lowell economy. This trend is not unique to Downtown Lowell and is a trend nationally in cities.

Throughout the country, urban areas have been forced to find creative ways of attracting workers, visitors and consumers back to traditional downtown locations. Efforts led by the public sector, including relocation of government agencies to downtown office buildings, publicly financed sports stadiums, convention centers and new city campuses of public universities have been common strategies. Enhancement of the downtown with new and expanded museums and other public attractions has also been advocated. The transformation of downtowns into entertainment destinations often require public and non-profit expansion. Accommodating the automobile has often required the construction of public parking facilities.

In Lowell, the growth of Middlesex Community College and UMass Lowell has both institutions poised to consider expansion within Downtown Lowell. Also, efforts to expand and strengthen the tourism industry will likely require expansion of the public and non-profit sector in the future.

Industrial Prospects within Downtown

Modern industrial processes generally require large spaces, one-story, high bay buildings, with appropriate loading facilities along with ample parking. These requirements are hard to identify in Downtown Lowell today. National trends point to a continued exodus of industrial uses to outlying areas, closer to the highway, oftentimes in suburban or exurban locations. In Downtown Lowell, industrial uses that remain will continue to be driven out by other uses that provide more potential for contributing the Downtown Lowell economy.

Parking

The availability of ample parking is likely to be the primary constraint for any kind of development proposed within Downtown Lowell. Currently, parking supply and demand are closely matched. In the future, new parking spaces will need to be created if significant new developments are proposed. The limited land available for parking facilities and the high cost of constructing parking facilities exacerbates this problem.

For example, if all upper-story space and mill space is converted into office space, a considerable amount of new parking must be developed. In the next 10 or 15 years, demand for parking associated with the potential growth in the office market will require 1,200 to 1,800 additional spaces, alone. These spaces will occupy approximately 480,000 to 720,000 sq. ft. of land area.

The relatively high cost of constructing structured parking facilities will need to be overcome. The cost to construct these facilities range from approximately $12,000 to $20,000 per space. Factoring in the potential growth of office space over the next ten to fifteen years, total garage cost estimates range between $14-36 million.

Demand created by additional future housing development in Downtown Lowell will require somewhat less parking, as parking can be shared among complementary uses (parking demand for housing is generally at night, while demand for office is during the day). Developing part of the Boott Cotton Mills for residential use could partially reduce the need for new parking spaces, for example.

The continued redevelopment of Boott Cotton Mills will require the creation of additional parking spaces

Photo: Guin Moyle-DPD

Table 4.9: Yearly Visitor Attendance at Downtown Lowell Venues

Organization/Site	Year 1	Year 2	Year 3	Year 4
Lowell Summer Music Series	Sum '97	Sum '98	Sum '99	Sum '00
	8,863	10,700	18,000	19,100
Lowell Spinners	Sum '97	Sum '98	Sum '99	Sum '00
	107,000	174,020	180,000	180,000
National Historical Park	10/96-10/97	10/97-10/98	10/98-10/99	10/99-10/00
	505,505	554,674	555,200	601,887
Lowell Memorial Auditorium	7/96-6/97	7/97-6/98	7/98-6-99	7/99-6/00
	187,651	212,009	196,176	201,431
Tsongas Arena		1/98-6/98	7/98-6/99	7/99-6/00
		108,000	308,000	312,748
New England Quilt Museum		7/97-6/98	7/98-6-99	7/99-6/00
		19,637	18,500	19,200
Merrimack Repertory Theatre		9/97-5/98	9/98-6/99	9/99-6/00
		52,000	58,160	54,280
American Textile History Museum	4/97-3/98	11/98-1/99	1/99-6/99	7/99-6/00
	18,600	35,000	24,570	31,790
Whistler House Museum of Art	3/97-12/97	3/98-12/98	3/99-6/99	7/99-6/00
	4,663	6,220	2,350	4,500
Estimated Totals	**832,282**	**1,172,260**	**1,360,956**	**1,424,936**

A more frequent site in Downtown Lowell: tourists and visitors

Photo: Guin Moyle- DPD

Tourism Market Potential

Tourism is a growing industry in Lowell. According to a study commissioned by the Lowell Plan, Inc., over 1.4 million people visited Lowell or attended events in the city between July 1999 and July 2000. The National Historic Park is clearly the biggest attraction in the Downtown, bringing over 600,000 tourists into Downtown Lowell for daily tours and the Lowell Folk Festival. Other major anchors of the Downtown Lowell tourism industry include the Tsongas Arena, with over 300,000 visitors, and LeLacheur Park, with over 180,000 visitors.

Although tourism has long been one of the most important industries in Massachusetts, its importance to the Downtown Lowell economy is a recent development. National trends, such as the aging of the so-called baby boomer population, bode well for the tourism. Lowell appears to be well positioned to capture a growing segment of the regional tourism market. Efforts such as the Lowell Marketing Campaign will continue to increase visitations and improve Lowell's stature as a tourism destination.

The actual financial impact of the tourism industry is unclear. Tourists and visitors are an obvious market for stores that specifically cater to them – hotels, restaurants and souvenir shops. Day visitors may not spend money in traditional retail stores during their visit. According to the Massachusetts Office of Travel and Tourism, over half of tourist expenditures are made on transportation, and only 6% of tourist expenditures are made on general retail. While tourism may bolster the restaurant industry and some retailers, this same impact may not come to the majority of retailers in Downtown Lowell. Efforts to better coordinate retailer promotions with events and museums will maximize the effect the tourism industry will have on the Downtown Lowell economy.

Efforts to increase tourism and visitation have important secondary benefits for Downtown Lowell. Strategies to improve the attractiveness and visibility of the tourism industry (marketing, enhancement of the physical environment, etc.) will also serve to support the business climate in Downtown Lowell, generally.